

Anti-money laundering

The regulation of the sector in the EU combined with strong European industry standards make money laundering via EU-regulated gambling operators unattractive for criminals and therefore highly unlikely.

The reality of EU-regulated online gambling operators

Gambling transactions over the Internet are traceable, recorded and transparent and hence offer more possibilities to detect and prosecute fraudulent activities (including money laundering) than non-internet transactions.

Furthermore, EU regulated online gambling providers do not operate with cash, but rather through highly regulated financial institutions such as banks or credit card companies, adding an additional layer of security.

These two features are what differentiates online gambling from its land-based counterpart and contributes to creating an environment that is not conducive for money laundering.

In that regard, The European Commission already stated back in 2012 that: *"As for money laundering, there is currently very limited information or evidence suggesting that licensed online gambling operators in Europe are subject to money laundering activities. The prevailing problem is linked to unregulated operators who are offering their services at a distance from outside of the EU with either no or a very low degree of regulation and supervision."*¹

Appreciating current safeguards

Additionally, online gambling operators have been subject to strict regulation on AML in every Member State where they have a license. Further, since 2015, online gambling has been included in the scope of the 4th Anti-Money Laundering directive. The Directive is a crucial pan-European instrument to fight money laundering and will bring harmonized rules across the EU Member States. Furthermore, self-regulation² in the online gambling industry, obliges EU-regulated operators to constantly monitor and report suspicious transactions to the relevant authorities. On the basis of all of the above layers of regulation, the monitoring systems put in place by EU-regulated operators provide operators with the ability to:

- Analyse suspicious customer behaviour
- Identify customers, check and store their details (name, phone numbers, geographical location, IP address, financial information) to prevent fraudsters from opening accounts
- Ensure that deposit limits are in place, making it much less attractive to try to launder money
- Produce 'Suspicious Activity Reports' to alert special task forces (i.e. Financial Investigation Units such as the Financial Intelligence Analysis Unit in Malta, Serious Organized Crime Agency in the UK) of suspected criminal or fraudulent behaviour
- Use official international watch lists for suspected members of terrorist organisations and Political Exposed Persons

Conclusion

The EU licensed and regulated online gaming industry is a highly unattractive environment for fraudsters and money launderers due to the ease of traceability of internet transactions and strict regulation.

¹ http://ec.europa.eu/internal_market/gambling/docs/121023_online-gambling-staff-working-paper_en.pdf

² CEN Workshop Agreement on responsible remote gambling measures, February 2011